



DAVID E. JANSSEN
Chief Administrative Officer

County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

Laurie

December 14, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

Dear Supervisors:

**APPROVAL OF CONTRIBUTION TO THE LOS ANGELES REGIONAL CRIME
LABORATORY FACILITY JOINT POWERS AUTHORITY
(FIRST DISTRICT) (3 VOTES)**

**JOINT RECOMMENDATION WITH THE SHERIFF'S DEPARTMENT THAT YOUR
BOARD:**

1. Approve the contribution of \$3 million to the Los Angeles Regional Crime Laboratory Facility Joint Powers Authority from surplus bond proceeds to fund a shortfall in the construction contract for the Regional Crime Laboratory project.
2. Approve the contribution of \$3 million to the Los Angeles Regional Crime Laboratory Facility Joint Powers Authority from surplus bond proceeds to fund a reserve account to be held in escrow by the State of California and authorize the development of a Memorandum of Understanding between the Joint Powers Authority and the State regarding its use.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the first recommendation will allow the County to contribute funds to close half of the \$6 million construction budget shortfall in the Crime Laboratory (Crime Lab) project. The City of Los Angeles (City) will fund the remaining half. Commitment of the funds are necessary in order for the State of California (State) to award the contract before the December 31, 2004, expiration date of the low bid construction proposal received for the project.

H:\shared\bf3\Peter\crime lab.doc

Honorable Board of Supervisors
December 14, 2004
Page 2

Approval of the second recommendation will allow the County to contribute \$3 million to a reserve fund which is outside of the project budget. The State is managing the project and requires that at least a \$6 million reserve fund be set up for unforeseen contingencies. The City is also contributing \$3 million to the reserve fund.

Background

The Los Angeles Regional Crime Laboratory Facility Authority (JPA) was created to provide for the delivery of the Crime Lab project. The JPA is comprised of the County, the City and the California State University. The facility is funded by a grant from the State and the project is being managed by the State's Department of General Services. The Crime Lab project will be located on the campus of the California State University, Los Angeles (CSULA).

The facility will have offices and laboratory space for the Los Angeles Police Department Scientific Investigation Division, Los Angeles Sheriff's Department Forensic Lab, with some classroom space for CSULA and office space for the California Forensic Institute. The cost to design and construct the facility will be funded by the State with proceeds from the sale of lease revenue bonds in an amount not to exceed \$92 million.

The low bid for construction received by the State in November exceeded the portion of the project budget available for construction. After identifying available savings within the project budget, the shortfall stands at \$6 million. Awarding the construction contract at the low bid amount will increase the project budget by \$6 million and will not be funded by the State. The State contends that the JPA's tenants (i.e. the Sheriff and the Los Angeles Police Department) are the interested parties and, therefore the JPA is responsible for funding the shortfall.

The State has indicated that the funding shortfall must be committed by the JPA ahead of December 31, 2004, in order to award the construction contract. The City Council approved the contribution of half of the construction shortfall (\$3 million) on December 7, 2004, contingent on your Board's commitment to fund a similar share of the costs to the JPA.

Honorable Board of Supervisors
December 14, 2004
Page 3

After notifying the JPA members of the construction budget shortfall in late November 2004, the State further informed the members in early December 2004 that they would be required to fund a reserve fund in excess of the construction budget. State representatives maintain that the reserve is standard State practice in managing construction projects. The State is requiring the JPA contribute \$6 million to a reserve fund. It is the State's position that the JPA is responsible for all project costs in excess of the \$92 million of State project costs, including any exposure to contractor claims.

The reserve fund will be set up in the form of an escrow account which will require concurrence from the JPA before it can be used. A Memorandum of Understanding will be developed between the JPA and the State which will govern the use of the reserve fund. The reserve fund must be funded by January 31, 2005. The City Council approved a \$3 million contribution to the reserve fund on December 7, 2004.

FISCAL IMPACT/FINANCING

The recommended actions result in the use of \$6 million of surplus bond proceeds to be provided to the JPA. The surplus bond proceeds are available from the Correctional Facilities Project. The bond financing originally funded the County match required for the State grants used to build the Twin Towers Correctional Facility and the Century Regional Detention Facility in Lynwood. The Sheriff is paying for the debt service on the bonds through its annual budget. The funds are being held by an outside trustee.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

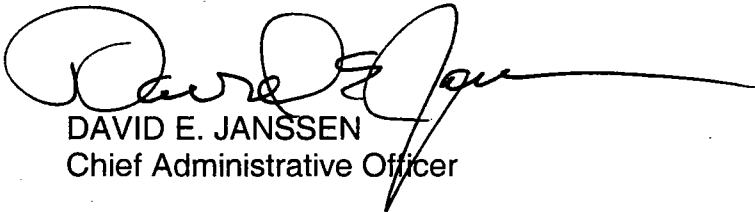
Approval of the recommended action will have no immediate impact on current County services. However, approval of the recommended action will maintain the anticipated occupancy date for the Sheriff's Forensic Lab operations in Fall of 2006.

Honorable Board of Supervisors
December 14, 2004
Page 4

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two original copies of the adopted stamped Board Letter to the Chief Administrative Office, Capital Projects/Debt Management Division.

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer



LEROY D. BACA
Sheriff

DEJ:JSE:mdc

c: County Counsel
State of California
Los Angeles Regional Crime Laboratory Facility Authority
City of Los Angeles